

Message Text

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15

ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 AGR-20 SWF-02 AID-20 AEC-11

CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04

USIA-15 PRS-01 DRC-01 /185 W
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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 4738

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E.O. 11652: N/A

TAGS: EAGR, PK

SUBJ: WORLD FERTILIZER SITUATION: LDC PRODUCTION PROBLEMS

REFS: A) TOAID A-016 B) STATE 060866 C) STATE 095838

1. BEGIN SUMMARY. PROBLEMS RELATING TO IMPROVING FERTILIZER PLANT OUTPUT ARE BEING ADDRESSED IN PAKISTAN. PRODUCTION COMES FROM SIX PLANTS WHOSE OVERALL OUTPUT IS BETWEEN 80 TO 90 PERCENT OF RATED CAPACITY. OVER LAST FIVE YEARS COUNTRY'S PRODUCTION HAS INCREASED SPECTACULARLY DUE TO COMPLETION OF TWO NEW PLANTS. WHEN PLANNED ADDITIONAL PLANTS ARE COMPLETED WITHIN THE NEXT 3-5 YEARS, PRODUCTION WILL NEARLY TRIPLE. USAID IS FURNISHING SERVICES OF TVA TEAM TO EXAMINE PRODUCTION PROBLEMS EXPERIENCED BY TWO SMALL PUBLIC SECTOR PLANTS AND EXAMINING PROSPECTS FOR INCREASING PAK PHOSPHATE OUTPUT THROUGH NEW FACILITIES IN SHORTEST TIME POSSIBLE. WE PLAN TO CONTINUE TO WORK CLOSELY WITH GOP. END SUMMARY

2. RUNDOWN ON PRODUCTION AT COUNTRY'S SIX PLANTS
FOLLOWS

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CURRENT

NAME	FERTILIZER TYPE	RATED CAPACITY (PRODUCT TONS) (* RATED CAPACITY)	OPERATING LEVEL
DAWOOD HERCULES	UREA	340,000	110 PERCENT
ESSO	UREA	173,000	110 PERCENT
DAUDKHEL	AM. SULFATE	95,000	90 PERCENT
MULTAN	UREA	67,000)	
	AM.NITRATE	120,000)	50 PERCENT
LYALLPUR AND JARANWALA SUPERPHOSPHATE 48,000 50 PERCENT			
(TWO PLANTS OPERATED			
AS ONE ORGANIZATION)			

3. PRODUCTION PROBLEMS RELATE ONLY TO LAST THREE PLANTS. THE MULTAN FACTORY HAS NEVER OPERATED WELL. UNDER RECENTLY APPROVED IBRD LOAN, FACTORY IS TO BE LARGELY SCRAPPED AND NEW PLANT ERECTED IN ITS PLACE. WHEN COMPLETED, NITROGEN PRODUCTION WILL BE MORE THAN TRIPLE PRESENT RATED CAPACITY.

4. AS FOR TWIN PLANTS AT LYALLPUR AND JARANWALA, USAID HAS ARRANGED FOR TWO-MAN TVA TEAM TO INSPECT PLANTS AND MAKE RECOMMENDATIONS FOR IMPROVING THEIR LOW OUTPUT. TEAM IS EXPECTED ARRIVE BY END THIS MONTH.

5. BESIDES EXISTING FACTORIES DISCUSSED ABOVE, GOP IS MOVING AHEAD WITH PLANS FOR ERECTING THREE NEW PLANTS. THESE ARE IN VARIOUS STAGES OF ACQUIRING INTERNATIONAL FINANCING. NONE WILL BE ON STREAM FOR AT LEAST ANOTHER THREE YEARS.

6. COMMENT. PAKISTAN IS ENDOWED WITH RICH NATURAL GAS RESOURCES AND IS MOVING AHEAD TO BECOME SELF-SUFFICIENT IN NITROGENOUS FERTILIZERS. OVER LAST HALF YEAR USAID HAS BEEN HOLDING DISCUSSIONS WITH GOP ON HOW WE CAN HELP IMPROVE OUTPUT FROM THE EXISTING OLD PLANTS. WE WILL CONTINUE TO WORK CLOSELY WITH GOP IN THIS AREA.

BYROADE

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